

Message Text

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ACTION STR-04

INFO OCT-01 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 TAR-01

TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01 XMB-04

AF-06 ARA-10 EA-10 EUR-12 NEA-09 /154 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC 78

UNCLAS USDEL MTN GENEVA 3216

PASS STR

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJ: MTN: NTM MEETING-SUBSIDIES AND COUNTERVAILING DUTIES

1. GATT SECRETARIAT TODAY DISTRIBUTED BACKGROUN NOTE ON
SUBSIDIES AND COUNTERVAILING DUTIES (MTN/NTM/W/8, 2 MAY 1974).
FOLLOWING SECTIONS, "MAIN ISSUES", ARE LIKELY TO BE USED
AS AGENDA FOR JUNE 3-13 MEETING. THESE SECTIONS COVER,
RESPECTIVELY, SUBSIDIES AND COUNTERVAILING DUTIES.

2. QUOTE:

9. THE PREVIOUS DISCUSSIONS, INCLUDING THE ONE HELD AT THE MEETING OF
THE

GROUP "NON-TARIFF MEASURES" FROM 4-7 MARCH 1975, HAVE RELATED
INTER ALIA, TO THE FOLLOWING MAIN ISSUES:

(A) WHAT CONNEXION, IF ANY, NEEDS TO BE ESTABLISHED BETWEEN
NEGOTIATIONS IN THE AREA OF SUBSIDIES AND IN THE AREA
OF COUNTERVAILING DUTIES?

(B) SHOULD WORK IN THIS AREA BEGIN WITH NEGOTIATIONS ON SUB-
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SIDIES OR SHOULD

SOLUTIONS TO THE PROBLEMS OF COUNTERVAILING DUTIES BE SOUGHT AS
A MATTER OF PRIORITY?

(C) SHOULD ANY POSSIBLE SOLUTION IN THIS AREA BE BASED ON THE
EXISTING PROVISIONS OF THE GATT OR IS THERE A NEED FOR AMENDMENT OF
THE GENERAL

AGREEMENT? IF THE LATTER, SHOULD AN AMENDMENT PROVIDE FOR DIFFERENT
OR ADDITIONAL OBLIGATIONS?

(D) SHOULD THERE BE A GENERAL DEFINITION OF SUBSIDIES WHICH ARE DEEME
D

NOT TO BE IN ACCORDANCE WITH THE GENERAL AGREEMENT, OR IS IT ADVISALE
TO

DRAW UP A LIST OF PROHIBITED SUBSIDY PRACTICES? IF THE LATTER, SHOULD
SUCH A LIST BE EXHAUSTIVE OR ILLUSTRATIVE?

(E) HOW SHOULD DOMESTIC SUBSIDIES WITH TRADE DISTORTING EFFECTS BE
DEALTH WITH IN THE NEGOTIATIONS? SHOULD ANY LIST OF PROHIBITED
PRACTICES INCLUDE OR EXCLUDE DOMESTIC SUBSIDIES WHICH HAVE TRADE
DISTORTING EFFECTS?

(F) CAN PROBLEMS CONNECTED WITH SUBSIDIES BE SOLVED BY AN IMPROVED
NOTIFICATION AND CONSULTATION PROCEDURE, POSSIBLE REINFORCED BY
MULTILATERAL SURVEILLANCE?

(G) HOW COULD AS WIDE AN ACCEPTANCE OF OBLIGATIONS AS POSSIBLE IN THI
S
FIELD BE SECURED?

(H) SHOULD THE DUAL PRICING CRITERION CONTAINED IN ARTICLE XVI:4 BE
MAINTAINED?

(I) SHOULD THE STANDSTILL PROVISIONS OF ARTICLE XVI:4 BE REVIVED
IN THE CONTEXT OF THE NEGOTIATIONS?

(J) WHAT APPROACH SHOULD BE USED TOWARDS COMPETITIVE SUBSIDIZATION OF
EXPORTS IN THIRD COUNTRY MARKETS?

(K) SHOULD THE DISTINCTION BETWEEN THE USE OF SUBSIDIES FOR EXPORTS
OF PRIMARY PRODUCTS AND PRODUCTS OTHER THAN PRIMARY PRODUCTS
ARTICLE XVI, PARAS 3 AND 4) BE MAINTAINED OR SHOULD THE PROVISIONS OF
ARTICLE XVI:4 BE EXTENDED TO COVER ALL PRODUCSTS?

(L) TO WHAT EXTENT IS DIFFERENTIATED TREATMENT FOR DEVELOPING
COUNTRIES FEASIBLE AND APPROPRIATE IN THIS AREA?

(M) SHOULD DEVELOPING COUNTRIES UNDERTAKE ANY OBLIGATIONS IN THIS ARE
A,

CONSISTENT WITH THEIR INDIVIDUAL DEVELOPMENT, FINANCIAL AND
TRADE NEEDS?

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(N) IS IT FEASIBLE AND APPROPRIATE TO DRAW UP A LIST OF SUBSIDIZATION
PRACTICES THAT DEVELOPING COUNTRIES WOULD BE PERMITTED TO USE?

MAIN ISSUES

14. THE PREVIOUS DISCUSSIONS, INCLUDING THE ONE HELD AT THE MEETING O
F THE

GROUP "NON-TARIFF MEASURES" ON 4-7 MAR 1974 HAVE RELATED, INTER ALIA,

TO THE FOLLOWING MAIN ISSUES:

(A) SHOULD ANY POSSIBLE SOLUTION IN THIS AREA BE BASED ON THE EXISTING

PROVISIONS OF THE GATT OR IS THERE A NEED FOR AMENDMENT OF THE GENERAL AGREEMENT? IF THE LATTER, SHOULD AN AMENDMENT PROVIDE FOR DIFFERENT OR ADDITIONAL OBLIGATIONS?

(B) SHOULD A DECLARATION OR AN INTERPRETATIVE NOTE BE PREPARED, SPELLING

OUT IN MORE DETAIL PARTICULAR PROVISIONS OF ARTICLE XI AS THEY APPLY TO

COUNTERVAILING DUTIES, OR SHOULD A CODE BE DEVELOPED GOVERNING THE APPLICATION OF COUNTERVAILING DUTIES? IF THE LATTER, TO WHAT EXTENT DOES THE ANTI-DUMPING CODE PRODUCE USEFUL GUIDANCE?

(C) CAN THE PROBLEMS CONNECTED WITH COUNTERVAILING DUTIES BE SOLVED BY

AN IMPROVED NOTIFICATION AND CONSULTATION PROCEDURE, POSSIBLY REINFORCED

BY MULTILATERAL SURVEILLANCE?

(D) SHOULD NATIONAL LEGISLATION WHICH DOES NOT CONTAIN AN INJURY CRITERION BE BROUGHT INTO LINE WITH ARTICLE VI OF THE GENERAL AGREEMENT AND SHOULD THE PROTOCOL OF PROVISIONAL APPLICATION CEASE TO APPLY TO COUNTERVAILING DUTIES, OR SHOULD A SOLUTION TO PROBLEMS CREATED

BY COUNTERVAILING DUTIES BE SOUGHT PRIMARILY BY PROVISIONS FOR THE ELIMINATION OF THE TRADE DISTORTING EFFECT OF SUBSIDIES?

(E) ARE THE PRESENT PROVISIONS OF THE GATT ON COUNTERVAILING DUTIES ADEQUATE TO PROTECT EXPORTING INDUSTRIES FROM INJURY CAUSED BY COMPETITION FROM SUBSIDIZED EXPORTS IN THIRD COUNTRY MARKETS?

(F) IS DIFFERENTIATED TREATMENT TO DEVELOPING COUNTRIES FEASIBLE AND APPROPRIATE IN THIS AREA? IF SO, HOW MIGHT THIS BE ACCORDED?

(G) SHOULD DEVELOPING COUNTRIES UNDERTAKE ANY OBLIGATIONS IN THIS AREA, CONSISTENT WITH THEIR INDIVIDUAL DEVELOPMENT, FINANCIAL AND TRADE NEEDS?

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UNQUOTE HARTZELL

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